

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 368 - SB 379

February 20, 2017

SUMMARY OF BILL: Requires local education agencies (LEAs) to pay the same daily rate to retired teachers who are employed as substitute teachers without regard to whether the retired teacher has an active teaching license. Only teachers who retired after June 30, 2011, and who are employed as substitute teachers, shall be eligible for an increase in compensation.

ESTIMATED FISCAL IMPACT:

Increase Local Expenditures – Exceeds \$6,500*

Assumptions:

- No change in Basic Education Program (BEP) funding formula.
- No change to benefits paid from the Tennessee Consolidated Retirement System.
- Based on information from the Department of Education's Tennessee State Report Card for FY15-16, there are currently 64,939 licensed public school teachers in Tennessee. This number is assumed to remain constant in subsequent years.
- The total number of retired teachers who will meet the criteria of the bill that will be eligible to receive a higher rate of compensation is unknown; however, for the purpose of this fiscal note it is assumed that the minimum annual number of substitute teachers impacted by the bill is equivalent to 0.10 percent of all currently licensed teachers. Therefore, at least 65 teachers ($64,939 \times 0.1\%$) each year will receive additional compensation as a result of this bill.
- Based on information gathered from a sample of rural, suburban, and urban school districts, the average difference in daily pay for a substitute teacher with a teaching license and a substitute teacher who does not have a valid teaching license is reasonably estimated to be at least \$10 per day.
- The average number of days that impacted substitute teachers will work in any given year is estimated to be ten.
- The mandatory recurring increase in local expenditures is estimated to exceed \$6,500 ($65 \text{ minimum teachers} \times \$10 \text{ minimum pay differential} \times 10 \text{ days per year}$).

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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